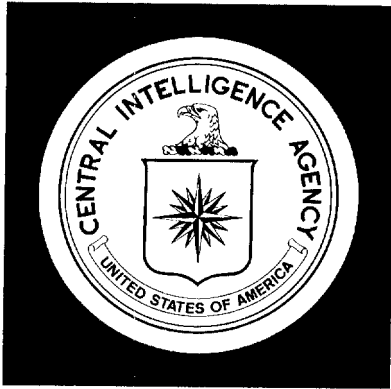


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review
completed

DIA review(s)
completed.

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6 October 1972
No. 0390/72

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

WARNING

The WEEKLY SUMMARY contains classified information affecting the national security of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

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TANAKA HOME FROM PEKING

1. [Prime Minister Tanaka, ebullient after achieving a normalization of relations with Peking, now has a host of related problems to contend with. Foremost among these are economic ties with Taiwan and relations with Moscow, as well as the specifics of Japan's new relationship with Peking.]

2. [Both Tokyo and Peking seem very satisfied with the outcome of the Tanaka-Chou talks last week. As expected, Tokyo recognized the People's Republic of China as the sole legitimate government of China. However, on the long-discussed question of whether Japan would formally denounce its peace treaty with Taipei, Peking followed through on earlier private assurances of flexibility. It accepted a Japanese announcement issued concomitantly with the communique stating that the treaty with Taipei was "deemed terminated" as a result of the establishment of relations with Peking.]

3. [The communique asserts that normalization of relations will ease tension in Asia and states that both powers oppose attempts by any nation to seek hegemony in the Asia-Pacific area, a phrase probably included at China's behest and clearly aimed at the Soviet Union. This was balanced by a statement that Sino-Japanese normalization is not directed against third countries.]

4. [Japan's relations with the US apparently were not discussed in depth, although mention of the US-Japan mutual security treaty was made. Foreign Minister Ohira said at a press conference that the treaty was not an obstacle during the talks.]

5. [Taipei, well aware of what was in store, has remained relatively calm, although clearly bitter over Japanese "perfidy." Media and popular reaction in Taiwan has stressed self-reliance, mixed with occasional demands for a boycott of Japanese goods and harassment of Japanese business and shipping. A prominent theme has been that Taiwan must gradually reduce its economic ties with Japan, but there has been little public indication of how Taipei intends to do this. Some disruption of trade can be expected over the short term, but economic relations will probably return

to normal fairly quickly. Economics Minister Y. S. Sun told US officials that there would be "hard bargaining" between Japan and Taiwan during the next month or two over future ties. According to another source, the Japanese foreign office will probably sit down with Chinese Nationalist representatives next week to work out the modalities of Taiwan's representation in Tokyo.]

6. [Japanese Government officials have persistently avoided public comment on the timetable for exchanging ambassadors with China. After the embassies are established, probably by the end of this year, negotiations will begin on a number of treaties concerning commerce, aviation, navigation, personnel exchanges, fisheries, and mail. Also to be negotiated is a peace treaty formally ending World War II, but this may require more time.]

7. [Despite high expectations of Japanese businessmen that trade with China will now increase dramatically, Tokyo may have difficulty in overcoming the constraints imposed by Peking's emphasis on economic self-sufficiency. Japan will continue as China's leading trading partner, but Peking's efforts to keep its foreign debt to a minimum will continue to preclude wide use of Japanese credits as a means of significantly boosting trade.]

8. [Now that progress has been made on the China issue, Japan's attention to relations with Moscow will almost certainly increase. Up to now, the subject has taken a back seat to the politically more important China problem. Prime Minister Tanaka acknowledged that this is so at a press conference a few days ago, saying that "he who runs after two hares will catch neither." Tanaka implied that progress is likely to be slow with Moscow. He stated flatly that Japan will never be satisfied until the islands of the "Northern Territories" are returned to Japan. In the past, Tokyo has linked improved relations with Moscow to a satisfactory resolution of this problem. There is little popular pressure in Japan for improved ties with Moscow, and Tokyo, mindful of Moscow's concern over warming Sino-Japanese relations, has now placed the ball in the Russian court.]

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THE MIDDLE EAST

TEL AVIV KEEPS UP THE PRESSURE

10 [Tel Aviv continues to remind Beirut and Damascus of the need to keep a tight rein on the fedayeen, and, in fact, no fedayeen-inspired incidents have occurred for two weeks along Israel's cease-fire lines with Lebanon and Syria.]

7 [To this end, the Israeli military held maneuvers in the Golan Heights from 19 to 22 September. On 29-30 September, Israel moved an estimated mechanized brigade—about 3,000 men—closer to the Lebanese-Syrian border, and then pulled it back south the next day.]

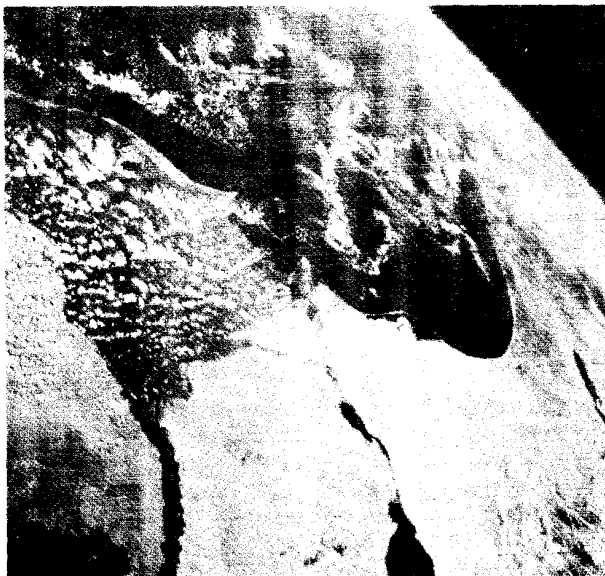
11 [Israeli officials denied there was anything unusual under way. Despite such disclaimers, the obvious intent is to intimidate the Arab governments and to keep Israeli forces in a high state of readiness.]

11 [The Israeli actions seem to be having an impact. There have been no incidents on the Lebanon-Israeli cease-fire line since 14 September and none on the Syrian-Israeli cease-fire line since 20 September. In addition, Damascus may have tightened controls on the fedayeen during the

period of the Soviet airlift and President Asad's visit to Moscow.] Elsewhere, a grenade-throwing in Gaza, a bomb explosion in a Jerusalem supermarket, and some explosives found on the West Bank left no Israeli casualties, but reminded the Israelis of the difficulties in bringing a halt to Arab terrorist activity.]

9 [The Soviet airlift into Syria and Soviet public commentary regarding Moscow's interest in Syria was very carefully watched and noted in Tel Aviv. These new signs of Soviet support precipitated debate in the Israeli press and within the government as to just what Israel should do vis-a-vis Syria. Defense Minister Dayan said that any direct confrontation with Moscow should be avoided. It was argued that a major Israeli strike might cause the Soviets to increase sharply their presence and their deliveries of sophisticated military equipment, as they did in Egypt following the Israeli deep-penetration raids. Others argued that a confrontation would result in the replacement of President Asad by an extremist. On top of this, a ground operation into Syria would probably involve heavy fighting and numerous casualties. Syria has at least 40,000 troops and around 200 tanks in the immediate area of Golan Heights. A less costly tactic for Israel—in terms of personnel loss—would be to strike with aircraft. Given a serious renewal of Syrian or fedayeen activity along the border, however, there is little doubt that Israel would exercise this option.]

11 [Recently, Mrs. Meir bluntly dismissed the Palestinians and their aspirations as far as Israel was concerned. She said flatly that Israel would not negotiate with them. "They have nothing to offer us, and we have nothing to offer them." She reiterated that there was no place within the historical boundaries of Israel for a Palestinian state. Mrs. Meir's acerbic remarks—sharpened by Munich—reflect Tel Aviv's position that the Palestinian question is essentially an Arab, not an Israeli, problem. It mirrors also the Israeli fear that any concessions would permit the refugees to return to their original homes, thus opening a flood of Arabization that could not be easily reversed.]



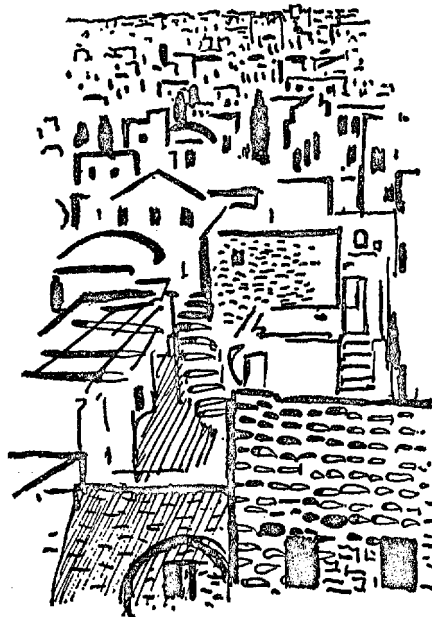
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13 In Beirut, meanwhile, the Palestine Liberation Organization announced a freeze on fedayeen operations in southern Lebanon. The fedayeen apparently acceded to Lebanese demands in order to avoid an open conflict and a possible ouster from their refuge. 14 After meeting with President Franjiyah and Prime Minister Salam on 2 October, the fedayeen leadership announced that the fedayeen would withdraw from southern villages and that measures had been taken to curtail fedayeen operations. As a result of this announcement, the crisis situation that had begun to develop after Israel's attack last month has eased, at least temporarily.]

15 [After a tour of the villages attacked by Israeli forces, the US defense attache reported that on 27 September the Lebanese Army checkpoints were more heavily manned and equipped than a year ago. Most cross-country movement by fedayeen groups can be detected in daylight, although fairly extensive movement at night could go unobserved. Lebanese officials claimed that no fedayeen groups were located south of the Litani River.] and the attache observed no fedayeen activity in the areas he visited. His tour did not include the Arqub sector of southern Lebanon, which has been the site of most fedayeen activity in the past. [REDACTED]

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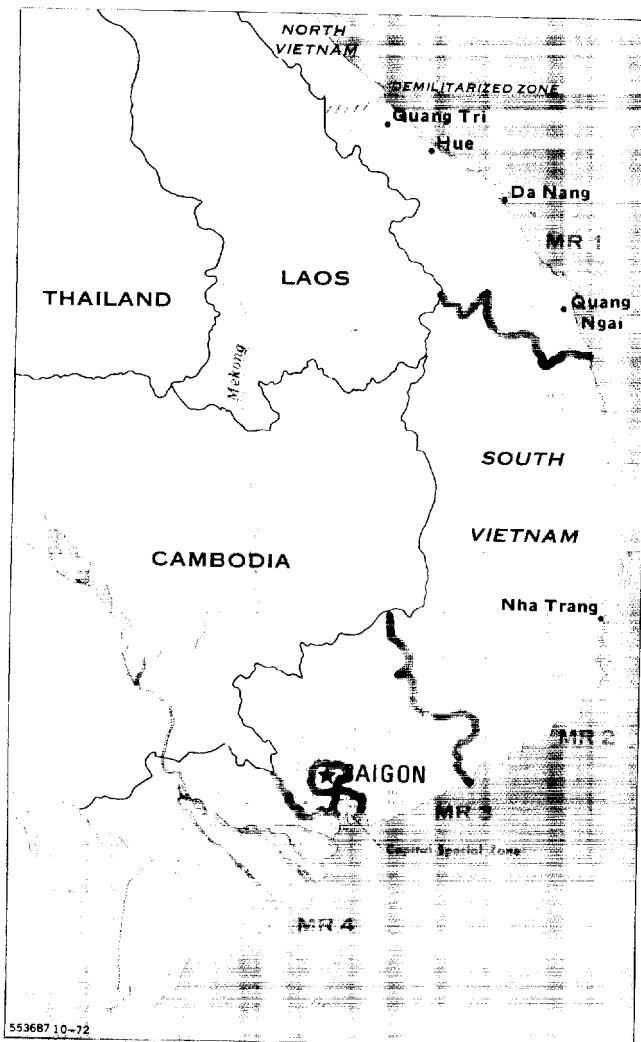
INDOCHINA

STEP-UP IN LOCAL ACTION

30 [There was a marked increase in the number of Communist sapper and shelling attacks during the week, especially in the southern half of the country. Nearly all of light intensity, they were directed against highways, remote outposts, and other lightly defended government positions. While little significant damage and few casualties were reported, the Communists did manage to cut

the main road from the delta to Saigon at least temporarily.]

30 [Most of the action in the northern sectors resulted from South Vietnamese clearing operations along the coast. In many of these areas, the Communists are not offering much resistance to the government's operation. They appear to be giving some ground as they regroup and prepare for future action.]



Thieu on the Peace Issue

30 [President Thieu is maintaining a hard line in public on the peace issue. In a message to the National Assembly on 2 October, Thieu rejected Communist proposals for a tripartite government in South Vietnam. He asserted that South Vietnam desired an early cease-fire to restore peace, but said a cease-fire must have international guarantees and take effect throughout Indochina. Thieu also stated that there must be a political solution to the war immediately following a cease-fire. In any solution, he insisted, North Vietnam must withdraw all of its troops from the South, as well as pay for damages its forces have caused during the past 18 years.]

30 [Stressing that a political solution is an internal affair, Thieu asserted that the Saigon government alone is empowered to discuss and agree on any settlement concerning the political future of South Vietnam. Repeating an offer to hold talks with the Communists at any time, he suggested that a conference of all Southeast Asian nations—including North Vietnam—should be convened. He indicated that he favored a neutral solution for the region, but rejected "neutrality in the Communist sense."]

Economic Recession

31 [A clearer picture of the extent of the business recession in South Vietnam is becoming available. According to the US Embassy, production by manufacturing firms in the modern sector has been cut back well below 1971 levels, and a combination of reduced consumer demand and

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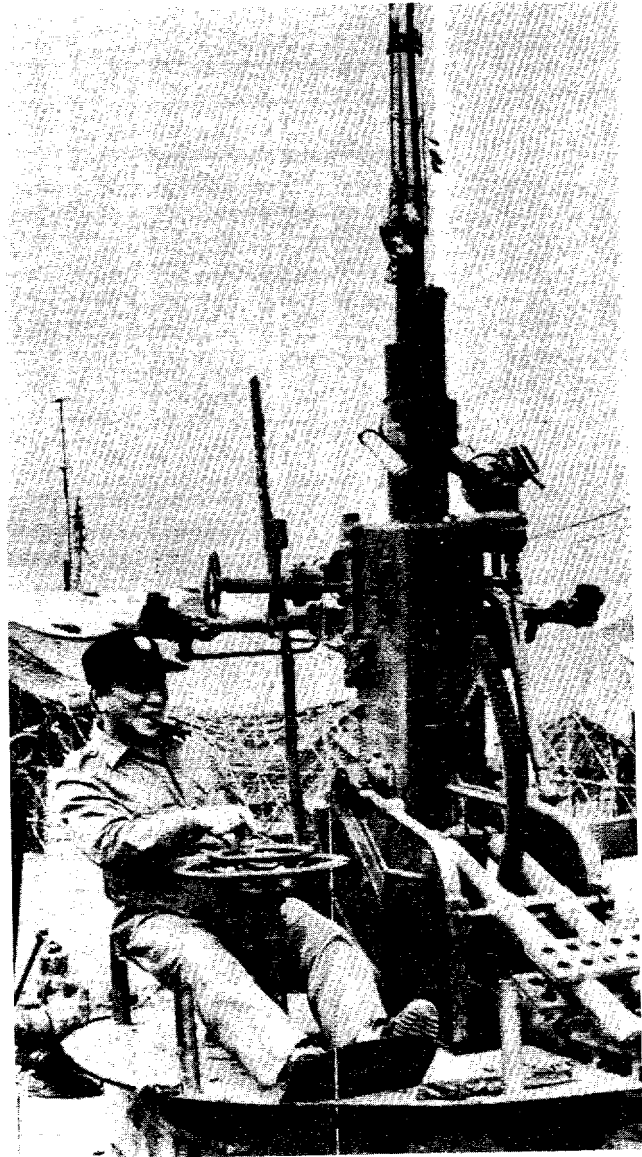
military and political uncertainty has resulted in the shutdown of many smaller, less-competitive industries.]

31 [Among the firms hardest hit by the recession are those making iron and steel products; employment is said to be down from last year by 30-50 percent and production off by some 30 percent. The construction industry, accounting for roughly a quarter of industrial activity, is operating about 50 percent below normal levels. In July, construction permits in the Saigon private sector were off 41 percent from last year; activity in the delta was picking up.]

32 [Less seriously affected by the current economic slowdown is the textiles industry, where there has been some improvement in production, employment, and sales since June. This is particularly true of firms with government contracts to supply military uniforms and equipment, but civilian purchases of clothing are also up.]

33 [In the agricultural sector, security conditions in the countryside have been having their effect. Preliminary reports from natural rubber producers indicate that war damage will cause more than a 50-percent reduction in 1972 output from 1971, and that rubber exports are likely to be on the order of 16,000 metric tons, down from about 40,000 tons in 1971. Similarly, forestry and related industries have suffered cutbacks as a result of the government ban on logging operations.]

34 [Rice shortages resulting from drought and the fighting could become severe by mid-November. The spring 1972 rice harvest was smaller than expected, and the relatively small crop of "miracle" rice being harvested has been hurt by a lack of rainfall. There apparently is little rice left in the delta, and farmers are becoming cautious about selling their limited rice stocks because of war activities in the area. Much of the rice projected for import this year will not arrive until mid-November or later, so a supply crunch could develop before the end of the year.]



LAOS BULLISH ON TALKS

34 [Despite months of futile exchanges with the Lao Communists, Prime Minister Souvanna is now optimistic that preliminary discussions under way in Vientiane will soon lead to substantive negotiations. Souvanna has reportedly agreed to a recent proposal by Lao Communist leader Souphanouvong that he send a delegation to Vientiane for

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negotiations. The prime minister is encouraged that the Communists are willing to discuss preparations for the arrival of a negotiating team without demanding a prior US bombing halt or other preconditions.

30 [Souvanna expects that the Communist delegation will include high-ranking officials. In organizing the government side, he has selected Interior Minister Pheng Phongsavan to handle preliminary discussions with Soth Phetrasy, the Pathet Lao's permanent representative in Vientiane.] [Pheng, a well-known neutralist, is also slated to head the government's subsequent negotiating team, which will include representatives from the right and from the National Assembly—both of which have on occasion been politically troublesome to Souvanna.]

keeping effective pressure on Cambodian lines of communication. The Communists' most telling blow was directed against a familiar and important target, Route 5. Just two weeks after the Cambodians had finally managed to clear a portion of the highway—over which Phnom Penh gets most of its rice—Khmer Communist units seized another short stretch of the road north of the capital. Route 5 has now been closed to through traffic for almost two months.]

30 [Along Route 1 east of Phnom Penh, strong Vietnamese Communist opposition has temporarily thwarted a Cambodian Army drive to retake a key hill overlooking the government's Mekong River base at Neak Luong. As a result of their recent gains in the Neak Luong area, the Communists appear to be in a better position to harass convoys moving up the Mekong from South Vietnam.]

33 [To the west, government forces have had mixed results in their operations along Route 2. Early in the week, they succeeded in reclearing that highway from Phnom Penh south to the town of Takeo. At last report, however, the Khmer Communists still held a four-mile segment of Route 2 between Takeo and the South Vietnam border.]

38 [It is by no means certain that Soth is privy to what the Communists really have in mind in reopening the discussions. Thus far, the Communists have offered no clues as to what tack they will take if real bargaining begins or how far they will go before they revive their demand for a bombing halt.]

CAMBODIA: AT COMMUNIST INITIATIVE

33 [As the rainy season enters its final weeks, Khmer and Vietnamese Communist forces are

33 [Khmer Communist propaganda indicates that the harassment campaign against key highways will continue and perhaps increase. Besides keeping the Cambodian Army almost constantly off balance, the Communists are trying to complicate the government's efforts to obtain adequate supplies of rice from Phnom Penh and to isolate the capital from the countryside as much as possible.]

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PANAMA: A TIME OF ACTION

37 [On 11 October, when Demetrio Lakas and Arturo Sucre are inaugurated as constitutional president and vice president, the "revolutionary" government dominated by General Torrijos will begin a new phase that might be labeled a "time of action." Having punched through years of accumulated skepticism to convince the people of his concern for their well-being, Torrijos is now at a point where he has to deliver. He will probably go forward with domestic initiatives designed to win plaudits even if they do not solve basic problems. He will continue to pursue an independent foreign policy and, most importantly, he will begin to focus on the stalled canal negotiations.]

34 [The first phase, from the October 1968 coup through December 1969, was a "period of rationalization" in which the junta attempted to justify its seizure of power only 11 days after the inauguration of a duly elected president. The junta styled itself "revolutionary" and trumpeted its dedication to ending oligarchy control and ushering in a new day for the masses.]

40 [The coup attempt against Torrijos in December 1969 was a traumatic experience that caused him to lay aside his plans for the New Panama. There followed a "period of consolidation." Torrijos began building a political constituency of students, peasants, and urban labor, enlisting even the Communist Party. He also began setting the stage for canal negotiations with the US.]

43 [Torrijos, sensitive to the extra-legality of his government, announced in 1971 that legislative elections would be held in August 1972. Thus began a "period of legitimization." The new assembly has elected Lakas and Sucre to a six-year term, has granted Torrijos very broad powers, and has nearly completed work on a new constitution.]

44 [The August elections drew little public interest and failed to deflect attention from the fact that Torrijos' commitment to reform considerably exceeded his ability to deliver. With the installation of the "new" government on the 11th, Torrijos will find himself under more pres-

sure to begin delivering in a number of areas. He will probably try to breathe some new life into the faltering agrarian reform program and also to develop new links between national and local governments to improve administrative efficiency. He may reshuffle the cabinet and the Guard command, and impose greater control over the economy to force business to invest in socially desirable projects. He will try to avoid measures that scare off foreign investment.]

39 [Given the intractability of domestic problems, the greater glamour of international politics, and the over-riding importance to Panama of the canal, the negotiation of a new treaty will get major attention. In the coming months, Torrijos will likely reaffirm his determination to gain increased compensation, a reduction in the US military presence, full jurisdiction over the Canal Zone, and the return of a significant portion of the zone's 647 square miles of land and water. As is traditional in Panamanian politics, Torrijos will probably blame the US for the lack of progress and warn of grave shocks to US-Panamanian relations if Washington is not more forthcoming.]

45 [Although Torrijos does not expect significant progress on a treaty this year, he is launching a propaganda effort to gain the diplomatic support that he hopes to parlay into bargaining leverage. The assembly earlier this month passed a resolution calling on Torrijos to reject US payments for use of the zone. Panamanian ambassadors in Peru, Germany, and Chile have added their voices to those in Uruguay and Brazil, trumpeting Panama's claim to sovereignty over the Canal Zone. Finally, the government appears to be mounting a major campaign to have the Security Council meet in Panama City next March when Panama will chair the council. Panama is already claiming the support of 11 of the 15 council members and admits that the purpose of the meeting will be to sell its position on the canal to the American public.]

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CHINA: BIRTHDAY BLUES

[The festivities were subdued as the People's Republic of China marked its 23rd anniversary earlier this week. For the second year in a row, there were no speeches, parades, or mammoth fireworks display. While the traumatic leadership crisis accounted for the lackluster observations a year ago, National Day this year was held against a backdrop of unresolved problems at the top and signs of growing political unrest in the provinces.]

[All the active members of the ruling politburo normally residing in Peking turned out for the occasion except party chairman Mao Tse-tung, who has not presided at a public occasion for more than eight months. The only newcomer to the leadership was a young radical from Shanghai who was called to Peking last month, apparently to assume an important party post. His elevation—he was listed among a group of leaders just below the politburo—reflects the kind of accommodation the moderates within the leadership must make with the still-powerful radical elements.]

[A joint editorial marking National Day was more noteworthy for what it did not say about domestic affairs than for what it did say. Care-

fully skirting the major issues, the editorial offered no guidance on the sensitive issue of civil-military relations and forecast no early resolution of other political problems hanging fire. Indeed, its failure to make any reference to the long-overdue National People's Congress suggests that the session has again been postponed.]

511 The editorial reaffirmed that the denunciation of Lin Piao is the primary task facing the nation and called on party members to intensify the examination of their own political attitudes in light of Lin's perfidy.]

[Greeted at first with shock and disbelief, the duration of the anti-Lin campaign and the accompanying "rectification" movement have given rise to considerable anxiety and unrest in the provinces, where local political leaders—most of whom are military men—fear that they will be implicated.]



The Gate of Heavenly Peace in Peking: *Quiet Birthday*

Nevertheless, given the army's dominant political role in the provinces, any effort by the central leadership to purge the ranks of the province chiefs, even on a selective basis, would run a serious risk of undermining the

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relative order achieved in the three years since the tumultuous Cultural Revolution.]

Sticks and Stones

148 [In contrast to the 1970 holiday editorial, Peking's pronouncement this year devotes considerable attention to foreign policy. The primary theme is that Soviet efforts to encircle and isolate China are being effectively countered by China's flexible approach in foreign affairs. While both the US and the USSR are criticized for increasing international tension through super-power rivalry, the primary target of the editorial is clearly the "Soviet revisionist clique," which is charged with being even more deceptive and dangerous than the imperialist powers.]

149 [Moscow used the anniversary occasion to castigate the Chinese for rebuffing Soviet attempts to normalize bilateral relations. A Soviet

"congratulatory" telegram to Peking contended that the interests of both sides lie in improved relations, and *Pravda* reiterated that Moscow had made "constructive proposals" concerning agreements on nonaggression, non-use of force, and settlement of border issues. *Pravda* went on to denounce Peking's refusal to cooperate and its new policy of rapprochement with capitalist countries. *Izvestiya* also explicitly condemned the Chinese leaders for rejecting Moscow's attempts to improve ties.]

150 [This most recent exchange, as well as recent polemics from the Soviet side on the sensitive territorial issue, suggests strongly that the border talks in Peking remain stalemated. A TASS report on a reception held on 29 September by the Chinese Embassy in Moscow indicated that both chief Soviet negotiator Ilychev and Soviet ambassador to China Tolstikov are in Moscow.]

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WORLD MONETARY REFORM

53 [Foreign reaction to the US proposal for international monetary reform has generally been favorable. The plan is viewed as an indication that Washington is ready to begin meaningful negotiations. Its timing is viewed as giving impetus to the newly formed Committee of Twenty as the principal forum for monetary reform discussions.]

54 [Foreign officials generally interpret the secretary of the treasury's speech as an indication of a more flexible US approach to monetary and trade problems. Critics of US international monetary policy, including the French, have been muted in their initial reactions. Foreign observers are pleased that Washington is willing to see the dollar's role as a reserve currency reduced and to consider restoration of dollar convertibility even though conditions and timing remain vague. Some foreign officials also see in the proposals a loosening of the link between trade policy and dollar convertibility, but others feel US trade demands remain too ambitious.]

53 [The US proposal that countries with persistent balance of payments surpluses or deficits face international economic sanctions determined by "objective criteria" has met almost universal rejection. Countries with large or growing foreign-exchange reserve positions, particularly Japan and West Germany, deny that surpluses in themselves are appropriate criteria for judging that a balance of payments is out of equilibrium. This view has been seconded by officials from other countries with strong reserve positions, such as France, Canada, and Australia.]

53 [Tokyo had not expected much forward movement at the IMF meeting and has attempted to play down the widespread feeling among the Japanese that the US proposal is aimed primarily at Japan. Japanese officials, however, are especially fearful that Japan is being further isolated as European countries side with the US in pressing for another yen revaluation.]

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MOSCOW ENDORSES ARMS AGREEMENTS

56 [SALT II moved a major step closer last week when both sides formally ratified the ABM Treaty and accepted the interim offensive agreement. During the four months that have passed since the accords were signed, the Soviets have been sorting out what has already been accomplished and considering objectives for the next phase of negotiations. Although there have been some signs of internal debate over the value of what has been achieved, the leadership consensus that prevailed at the conclusion of SALT I appears to be holding as preparations for the second round get under way.]

55 [On 29 September, the Presidium of the USSR Supreme Soviet "unanimously" endorsed the agreements after hearing brief reports by a number of officials, including Politburo members Suslov and Podgorny, Deputy Foreign Minister Kuznetsov, and Defense Minister Grechko. Their statements depicted SALT I as a considerable success. The agreements were called a major contribution to Soviet foreign policy and were described as serving the interests of Communist and non-Communist states alike. At the same time, the Soviets clearly stated that they will pursue military programs not affected by the agreements, and Moscow has assured its allies that their security interests will not be jeopardized.]

56 [Recent Soviet statements also reflect a sensitivity in Moscow to possible fluctuations in official US attitudes. The congressional amendment to the interim offensive agreement and statements by Secretary Laird and Admiral Moorer justifying follow-on military programs have drawn particularly harsh attacks. At last week's session, Kuznetsov criticized "[f]ar-fetched conditions and interpretations" being attached to the agreements in the US, and Suslov warned the US against trying to deal with the USSR from a position of strength at the next round of talks.]

55 [Articles in the Soviet press over the past year suggest that some hard liners in the hierarchy have been arguing against making deals with the US at the expense of Moscow's interests elsewhere. The persistence of these views was

indicated by Podgorny's rebuttal last week. In defending Soviet acceptance of the strategic arms limitation agreements, he said that only a "blatantly biased politician" would assert that the international situation has become worse since the achievement of the accords.]

56 [There have been hints that the Soviets may raise the question of qualitative limitations at SALT II. Writing late last year in the journal *USA*, a prominent Soviet military theoretician said that only the "uninitiated" could believe a



Podgorny Signs Arms Treaty

"freeze" on the numbers of strategic weapons could by itself halt the arms race. In support of his argument, he cited planned improvements in US strategic programs, including MIRVs. Another military theoretician recently noted the statement by Dr. Kissinger at the time of the summit to the effect that "the most dangerous objective is to achieve qualitative superiority over one's main rivals." [redacted]

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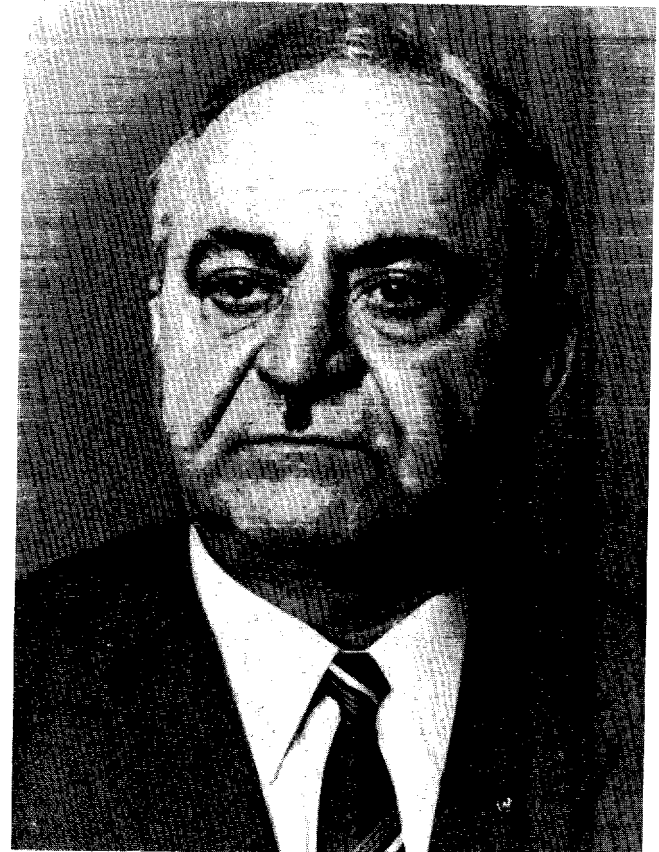
THE SOVIET UNION

ROOM NEAR THE TOP

57 [Vasily Mzhavanadze, who resigned as party boss in the Georgian Republic on 29 September, will probably lose his candidate membership on the Politburo at a Central Committee plenum to be held in the "near future." If so, the authorities in Moscow will have to decide whether some other leader from the Transcaucasus will inherit his place. Moreover, Mzhavanadze's departure from the Politburo would be the first in six years and could be accompanied by additional changes. His departure would make it difficult for the Kremlin to delay any further the unfinished business of Shelest and Voronov, who are still full members of the Politburo although they no longer hold jobs warranting membership.]

58 [The 70-year-old Mzhavanadze reportedly requested retirement "due to age," but Kremlin politicking was probably an equally important factor. Mzhavanadze, 20 years Georgia's party chief, has been out of step on several issues, most notably in his relatively tolerant attitude toward Georgian nationalism. He has been under fire from Moscow since last March, when a Central Committee resolution criticized the party organization in Tbilisi, the republic's capital. Although Mzhavanadze was not directly attacked, the resolution's charges of corruption and nationalism in Tbilisi implied at least some dissatisfaction with his stewardship.]

57 [Succeeding Mzhavanadze is E. A. Shevardnadze, 44, who took charge of the Tbilisi party organization only two months ago, after having headed the republic's Ministry of Internal Affairs (MVD) for seven years. Shevardnadze's meteoric rise to the top in Georgia almost certainly results from good connections in the Kremlin. He rose through the Komsomol when it was dominated by Politburo member Shelepin, and became chief of the Georgian MVD at a time when Shelepin's influence in security matters was still strong. During the last six years, however, his work in the MVD has been supervised at the national level by



Mzhavanadze

one of General Secretary Brezhnev's close associates, and his recent promotions may thus reflect the patronage of Brezhnev and company as well as that of Shelepin.]

58 [Whatever the case, the assignment of the top post in Georgia to a relative newcomer instead of to a more experienced party professional from Mzhavanadze's coterie suggests that a thorough housecleaning of the entire republic party organization is in the offing. It also reinforces the impression that Mzhavanadze was forced out of office by Moscow.]

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"IN THE NEAR FUTURE"

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[There are reports in Moscow that the Central Committee will soon convene. [redacted] East European correspondents in the Soviet capital are predicting that economic and agricultural experts who are not Central Committee members will be allowed to participate in an "expanded" meeting.]

[The Central Committee should meet by mid-November to comply with party by-laws requiring a plenum every six months, and the current leadership has been fairly punctilious in observing the rules. Moreover, the Kremlin will probably want the Central Committee to approve the 1973 plan and budget before they are submitted to the Supreme Soviet, which usually puts its stamp on them in December.]

An "expanded" plenum would be rather unusual. The participation of outside experts dilutes the authority of the Central Committee members themselves, and the fact that Khrushchev was fond of such meetings was one of the charges leveled against him when he was ousted eight years ago. Since 1964, the Soviet leaders have been careful to avoid this pitfall and, with few exceptions, have restricted participation in plenums to Central Committee members.

Many republic and local party meetings have followed the "expanded" format in recent years,



Mzhavanadze (l.) listens as Khrushchev addresses Central Committee plenum in 1964.

however, and the Soviet leaders may feel that the agenda for the coming plenum justifies this kind of meeting. Harvest difficulties and the somewhat sluggish state of the economy will doubtless be discussed. The session may also turn its attention to international affairs and the party-card exchange to be conducted during 1973-1974, as well as any adjustments in Politburo membership following the Mzhavanadze ouster. [redacted]

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FINNS BACK COALITION PARTIES

[The four coalition parties made respectable showings in municipal elections on 2 October, reducing the chances the government might fall in the near future. Three of the parties registered gains and the Swedish People's Party held its ground. The Social Democrats, the largest party in Finland, got just over 27 percent of the vote, an increase of nearly two percent since the January elections. President Kekkonen's Center Party registered the greatest increase, 18 percent. This reverses a declining trend that had lasted nearly a decade and restores the party to second spot. Most of the Center's gain was at the expense of the badly split, right-radical Rural Party, which lost nearly half its popular support.]

[Although national issues did not play a dominant role in the elections, the success of Prime Minister Sorsa's Social Democrats was nevertheless attributable in part to the responsible role they have played during the past year. The party ran a minority government for a number of months and led the drive in parliament to reduce recently increased pension legislation to manageable proportions. Two parties that opposed the reduction fared poorly in the election.]

[Sorsa probably will view the results as an endorsement of his government, which must now move on to the touchy issues of EC treaty ratification and East German recognition. The Communists, who lead the opposition to Finland's arrangement with the EC, slightly increased their showing at the polls. [redacted]]

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DENMARK JOINS THE EC

79 [Danish voters have voted by an over-
80 whelming majority to make Denmark the ninth
81 member of the European Communities. The move
should provide Copenhagen with some much-
needed economic advantages and help the cause
of European integration recover from the batter-
ing it took when Norway said no to the market
last week.]

[A record number of voters turned out on 2
October and cast nearly two thirds of their ballots
for market entry. Speculation that Norwegian re-
jection of membership would aid anti-EC forces
in Denmark proved unfounded. Indeed, criticism
of Norway's move from many capitals in Western
Europe may have convinced some undecided
Danish voters that membership was necessary. In
any case, Prime Minister Krag seems to have
managed the Danish pro-EC campaign much more
effectively than his Norwegian counterpart.]

EC entry will not solve all of Denmark's
economic problems. A slight devaluation of the
krone and other economic adjustments may be
necessary to narrow balance-of-payments deficits.
The foreign exchange market in Copenhagen,



The eyes have it.

79 + PC + \$1
closed for a week, was reopened the day after the
referendum, and the krone stabilized.

Market opponents staged a massive demon-
stration during the referendum and even threw in
a bomb threat or two as the pro-EC victory be-
came apparent. The Socialist People's Party,
which spearheaded the anti-EC forces, charged
that Denmark had been "torn loose" from
Scandinavian politics and vowed to hold back
further integration with the market.

Prime Minister Krag characterized the vote
as "a Nordic bridgehead in Europe" and resigned
a few hours after the victory. He cited personal
reasons, but he may have felt unable to reunify
his Social Democratic party, which was split over
the EC issue, or to mend relations with the Social-
ist's on whom the Social Democrats depend for a
majority in parliament. The Social Democratic
Party named Anker Jorgensen to be the new
prime minister. Jorgensen, 50, has been president
of Denmark's largest trade union since 1968 and a
member of parliament since 1964, but he has
never held a ministerial post. His left-wing stance
on most issues may make him acceptable to ele-
ments of the party that opposed EC entry. More-
over, Jorgensen, a one-time opponent of the mar-
ket, may be able to patch up differences with the
Socialists. This is necessary if the government is
to stave off elections. Recent polls indicate that
the Social Democrats' popularity has been declin-
ing, and the party hierarchy doubtless wishes to
avoid the ballot box for the time being.

West European reaction to Denmark's deci-
sion to join the market has been generally enthu-
siastic. EC President Mansholt reiterated his dis-
appointment over the Norwegian vote and indi-
cated that Oslo might have some difficulty work-
ing out an alternative arrangement with the EC.
The Danish vote probably helped pro-EC forces at
the recent British Labor Party congress to defeat
a resolution rejecting, in principle, UK member-
ship in the EC. Despite much earlier talk about
reviving the concept of a Nordic Economic
Union, Denmark's Scandinavian neighbors will
move slowly. They may be satisfied with the
Danish results, which gives assurance of Nordic
representation at Brussels.

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BANGLADESH: MUJIB GETS TOUGHER

28 [Prime Minister Mujib is attempting to allay growing public unhappiness over official corruption and maladministration.] [Late last month, Mujib expelled 19 legislators from the ruling Awami League on charges of illegal profiteering. Under existing regulations, the 19 automatically lose their seats in the national legislature. Mujib has also fired a number of middle- and upper-level bureaucrats for incompetence or misallocation of funds.]

32 [In another move to ease criticism, the government has announced that it will present its long-delayed draft constitution to the legislature this month. Additionally, the authorities have begun to make arrangements for national elections that apparently are to be held early next year.]

38 [The regime is also taking new steps against persons accused of having collaborated with Pakistan.] [It has ordered the arrest of all members of the "peace committees" set up in the East by the West Pakistanis last year.] [According to the Dacca press, the government shortly will begin trials of several former leading East Pakistani politicians for allegedly siding with Islamabad. Former East Pakistan governor A. M. Malik, three of his cabinet ministers, and F. Q. Chowdhury, who was once speaker of the Pakistan National Assembly, reportedly will be sent to trial.]

38 [The Dacca government has been jailing and prosecuting accused collaborators for months, but these would be the most prominent figures thus far. Mujib probably hopes that trials of such high-level collaborators will divert public attention from economic and governmental problems. He may also hope to keep the populace from growing impatient for trials of Pakistani prisoners of war, who are still in Indian custody. New Delhi has not announced when it will turn prisoners accused of war crimes over to Bangladesh for trial.]

44 [In other moves aimed at strengthening its hand, the government has banned three far-left opposition journals and has decreed a new labor policy that weakens the right of workers to strike, bargain collectively, or participate in setting wage levels.] [In addition, the regime has fired a number of striking employees in its first forceful action against strikers since independence.] [These steps will be unpopular among workers, but the labor movement, although increasingly restive, is small in largely agrarian Bangladesh.]

48 [Mujib, although no longer personally exempt from criticism, remains widely popular. Nonetheless, heavy criticism of the government no doubt will continue unless further action is taken against corrupt officials. The trials of prominent collaborators, meanwhile, will not sit well with Islamabad and could further weaken prospects for an early break in the impasse in Pakistan-Bangladesh relations.]

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PAKISTAN: ECONOMIC HEADACHES

57 [The Bhutto government is modifying its policy of holding the line on prices in an effort to increase farm production and mollify the business community. Price rises alone are probably not sufficient to achieve either objective. The climate for new foreign investment remains poor.]

57 [Last month, Islamabad announced that it would pay 18 percent more next April for wheat,

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90 the principal foodgrain. The government also raised the prices it will pay for rice and sugar. It hopes the increases will encourage greater production and larger sales to the government from the spring harvest. In the meantime, Pakistan has purchased 600,000 tons of wheat from the US under PL-480 and is negotiating for an additional 400,000 tons to ensure an adequate supply until the spring harvest. The government's intention is to maintain the subsidized consumer prices of wheat, flour, and sugar. The government evidently learned a lesson last year when a shortfall in wheat production and a failure to obtain timely wheat imports forced up the open-market price. At that time, because government procurement prices were low, stocks in ration shops quickly became inadequate.]

8 9 [Pressure from opponents of big business has contributed to the government's delay in raising retail prices in several industries that depend on imports. The rupee devaluation in May, by raising the cost of imports, has reduced their profits. 92 Islamabad recently did increase the price of urea fertilizer by 25 percent, far short of producer demands. Retail prices of petroleum products 43 were not changed. As a result, ESSO Eastern anticipates losses of \$700,000 this year in its marketing operations in Pakistan, and company officials continue to talk of selling out.]

92 [Recent legislation requiring the sale of all drugs by generic, rather than brand, name is another cause of businessmen's concern. Although this should result in lower costs to consumers, it will cut profits of foreign, primarily American, pharmaceutical firms. President Bhutto probably will exempt certain drugs in order to reduce the impact on drug producers and lessen foreign criticism.]

92 [Meanwhile, Islamabad and the provincial governments have failed to stem labor unrest. Production has been seriously affected by work slowdowns, strikes, and plant seizures. General 95 Tyre and Rubber closed its factory in Karachi on 25 September following a worker slow down that caused a two-thirds decline in production. Recent labor disputes also have affected the textile and 97 fertilizer industries.]

USSR-IRAN: RELUCTANT TRAVELER

99 [The Shah's visit to the Soviet Union on 11 October will take place against a background of deepening Iranian suspicions of Moscow's relationship with some of Iran's neighbors.]

97 [The Shah has shown no enthusiasm for the trip, which he is making at Soviet urging. There has been little publicity in Iran about the visit, and as late as a week before departure the makeup of his entourage had not been announced. This contrasts markedly with the headline treatment given to the trip to Communist China last month of Queen Farah.]

99 [The Shah will wish to gauge Moscow's intentions in the Persian Gulf, which he regards as his own sphere of influence. He views with the greatest apprehension Soviet links with Iraq and more recently with India and Syria.] The Shah considers Soviet military aid to these countries as a direct threat to the security of his country, and discounts Moscow's assurances that it will help no country with aggressive designs on Iran. Moscow will try to reassure him.]

103 [Moscow is annoyed with the Shah over some aspects of his foreign policy, especially his warming toward China. The Queen's trip was regarded in Iran as a counterpoise to the Shah's Moscow visit. Moscow has always been chary of Tehran's close ties with the West.]

99 [Although the Shah's visit will place highest priority on political issues, economic questions also may be discussed. The Soviets could try to smooth some ruffled feathers with additional offers of economic assistance. A major economic deal seems unlikely because the Soviets and Iranians only recently (August 1972) signed a protocol calling for, among other things, utilization of \$125 million in credits to expand the steel mill at Isfahan and build a petrochemical plant as well as plants for the manufacture of prefabricated houses. Additional meetings are scheduled early next year to discuss Soviet participation in projects under Iran's fifth development plan (1973-78).]

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EGYPT: PROBLEMS WITH PAYMENTS

104 Egypt is again in serious difficulty with most prospective sources of credit in the West. Prompt action on the economic front could possibly patch up relations, but no immediate relief for the basic problems is in sight.

105 Financial problems with Western countries date back to the early 1960s when the Nasir regime attempted simultaneously to finance rapid economic growth and the war in Yemen. The result was heavy borrowing and a level of obligations to the West far greater than Egypt could ever hope to meet. In the mid-sixties, when arrears began to accumulate, Egypt negotiated a number of debt rollover agreements that generally consolidated separate short-term debts into single long-term obligations and restricted new credit to the amount of repayments. By 1970, the US was the only Western creditor that had not concluded such an agreement.

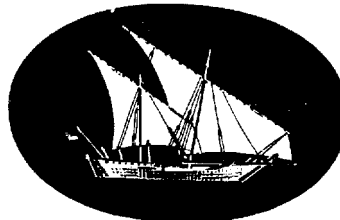
106 Largely because of a persistent hard-currency shortage, Egypt continued to fall behind in its debt repayments. In almost all instances, payments were late or were not made at all, as in the cases of Japan and West Germany. Egypt was able to meet its obligations to Communist countries more or less on time because repayments consisted mainly of goods and because the enormous military debt had been indefinitely postponed.

107 Despite all this, some Western credit restraints have been relaxed. The conclusion of a debt rollover agreement with the US last year greatly improved Egyptian prospects for loans from the World Bank. The bank began to implement a previously approved \$26-million loan for agricultural land drainage and to consider proposals on an additional \$100 million. In the spring of 1972, after more than three years of negotiations, an interim agreement was reached for reasonably low cost financing for the proposed Suez-Mediterranean (SUMED) pipeline. Finally, following the Soviet exodus from Egypt, both the UK and West Germany indicated a willingness to relax credit restraints.

108 Bad judgment or bad management on the part of various Egyptian officials threatens to jeopardize these promising prospects. Acrimony in the wake of the Munich incident has resulted in indefinite postponement of new debt rollover negotiations with West Germany and, hence, any new credit. Evidently hoping that Libyan-backed cash offers for arms would mollify London, Egypt has missed three scheduled payments of old British supplier credits. London is now warning it may cancel new export credits.

109 The future of the SUMED pipeline also is seriously in doubt. All European governments involved, except Italy, have refused to guarantee the loans arranged by a consortium of Western banks unless repayment terms are hardened. A number of oil companies have indicated that contracts for the use of the pipeline may not be forthcoming unless proposed fees are lowered to compete more favorably with falling tanker rates. If the fees are lowered, repayment obligations cannot be met. In view of these delays, at least one firm has threatened to pull out of the construction consortium formed several years ago. If it does, a new consortium would have to be formed and new arrangements negotiated. This would be difficult because of growing doubts in oil and financial circles that the pipeline will ever operate at a profit.

110 Even if Egypt can mend these fences, its over-all credit rating in the West almost certainly will remain poor for several years. Egypt has no prospect of enhancing its hard-currency earnings in the near future. Cairo continues to count on oil in the western desert, but no significant new field



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has been discovered. An increase in Arab aid for debt repayment purposes also is most unlikely. Sadat probably can obtain sizable grants from Libya only if he persuades Qadhafi that the money is being used to support the "confrontation with Israel." Hence, while Libya and Egypt may spend large amounts of cash for arms in the West, repayment of old Egyptian debts most likely will continue for some time on the basis of robbing Peter to pay Paul.

there could be none until all of its territory had been liberated. Qatabah had been occupied by Aden on 1 October following several days of air and artillery attacks. Aden seized the border town in response to a number of incursions since mid-September into its important Second Province by several dissident groups operating from sanctuaries in Yemen (Sana).

THE YEMENS: NO WAR, NO PEACE

109 [For a few days late last week, it appeared as if war would break out between the two Yemens]

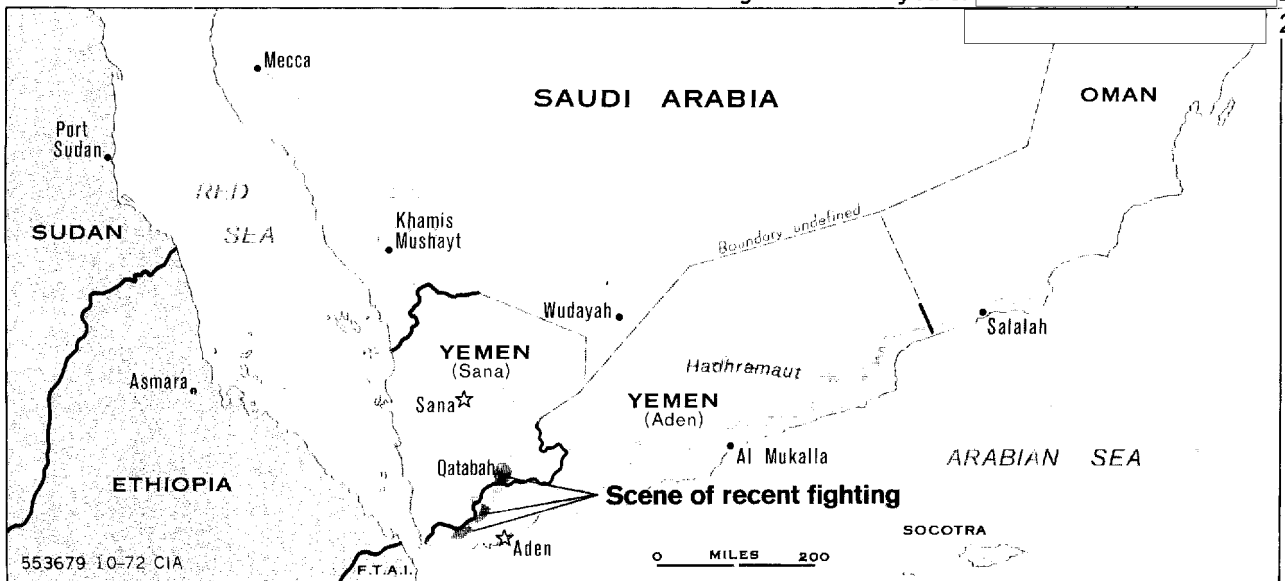
110 [The likelihood of conflict was lessened somewhat on 2 October, when Aden withdrew its forces]

111 [from the Yemen (Sana) town of Qatabah—after blowing up many of its houses, according to Sana officials.]

110 [Aden had called for a cease-fire following its capture of the town, but Sana announced that

109 [The dissidents, bank-rolled and armed by Saudi Arabia, are nominally part of the recently reorganized National Unity Front, a diverse collection of opponents of the Aden government. The several forays in September were apparently not coordinated attacks, nor were they the signal for the long-promised effort by the Front to overthrow the extreme leftist Aden regime.]

109 [Aden has, on several occasions, demonstrated that it has the capability to mount punitive expeditions into Sana territory to disperse dissidents and destroy bases. Such cross-border operations by Aden heighten the possibility that Sana, despite some distaste for the fight by many of its leaders, will find it necessary to become a direct participant in a conflict that has been simmering for several years.]



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KENYA: LABOR PAINS

115 } Last week, President Jomo Kenyatta and his fellow Kikuyu tribesmen lost a drawn-out struggle for control of Kenya's sole labor federation, one of the few instruments of power in the country not under their sway. Heavy-handed Kikuyu interference in labor elections last April led to their nullification. In a rerun in June, the non-Kikuyu faction—Dennis Akumu's All Workers' Group—won by a landslide. Akumu's victory was not certified until 27 September, when a trade union tribunal finally overruled Kikuyu challenges to the election. Akumu, who becomes the labor federation's new secretary general, publicly requested police protection following the June elections, fearing that he might be murdered as was former labor leader Tom Mboya three years ago.]

118 } Kenya's labor movement, strong by African standards, has stuck to economic issues, usually getting what it wants by negotiation rather than by strikes. Still, it has been an important political springboard and at times has been deeply embroiled in politics. After a disturbance in 1965 had left several workers dead and over 100 injured, President Kenyatta forced unions into a single federation—the Central Organization of Trade Unions. The move was designed to dampen competition between leaders of opposing political—and often tribal—persuasions. Even this failed to stop the struggle between Kikuyu and non-Kikuyu factions within the federation. Lacking leaders of stature and popularly derided as the Banana Hill Boys, after the Kikuyu minister's home where they meet, the Kikuyu faction lost support even in government circles after the elections last June.]



Dennis Akumu (c.) at tribunal hearing.

118 } Akumu's non-Kikuyu faction includes a cross section of tribes, but its key figures are mostly Luo, Kenya's second largest tribe and long the dominant force in the labor movement. Akumu, himself a Luo, heads the sugar workers in western Kenya and has equally strong ties on the east coast, where he once led the powerful dock workers. His abilities have earned him wide respect from both labor and management, although ties with anti-establishment politicians earned him a year of preventive detention in 1966-67.]

118 } Akumu is likely to avoid politics for the moment. Nevertheless, his control of an organized group of some 200,000 workers is a threat that Kenyatta may feel he has to counter in the future.]

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MALAGASY REPUBLIC: END OF AN ERA

117 } A nationwide referendum will be held on 8 October, and it is expected to result in a vote of confidence in General Ramanantsoa and thus bring to an end the rule of President Philibert Tsiranana, who has held office since leading the country to independence in 1960. Tsiranana has been a figurehead since being forced by student riots to turn governmental power over to Ramanantsoa in May. The draft law to be voted on provides Ramanantsoa's government with a five-year mandate and eliminates the office of president, leaving Tsiranana no place to go.]

120 } Since taking over, Ramanantsoa has consolidated his political position by soliciting support among the tribal groups that backed Tsiranana, and by avoiding confrontation with the protest movements that forced the change-over in May. The expected referendum victory will give Ramanantsoa added strength to deal with the factions that divide Malagasy society, and an opportunity to implement his promises of widespread reforms.

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CHILE

A POLITICAL HUE AND CRY

122-126 [Heated debate goes on over the Allende government's handling of the media, education, and public order as well as over the political role of the Chilean military.]

122 [The President's critics believe that a new government offensive is under way to silence their media outlets. They cite the closure of two radio stations as well as Allende's veto of legislation that would have provided funds to help radio and television outlets in danger of economic asphyxiation. They say the government is responsible for the condition the media are in. These claims are bolstered by the critical situation of Chile's largest company and main source of newsprint, brought on by official pressure. Some opposition media court martyrdom by their excesses, but pro-government competitors get away with similar behavior. The administration eased away from overt suppression of the media when this raised a public hue and cry, but many of Allende's supporters see an urgent need to muzzle the opposition spokesmen.]

126 [Results of the elections on 28 September for administrators of the University of Chile's 13 campuses and 26 faculties have been such as to allow both sides to claim victory. The united opposition forces made the better showing, but a high abstention rate, weighted vote rules, and geographical diffusion make it difficult to show convincingly that the government suffered a political setback. Secondary student demonstrations have become almost a daily staple and appear to be getting rougher, thanks to the activities of goon squads from both camps. On 3 October, after an unusually strong police crackdown that injured more than 20 students, a Christian Democratic legislator said he would bring charges to impeach still another interior minister.]

122 [There is growing evidence that the government is moving to ensure public order on its own terms. Police forces are being increased, and the justice minister recently announced that neighborhood "vigilance boards and crime prevention committees" will be formed to work with them. Harsher measures are being taken to track down

the owners and smugglers of arms. To argue its fairness, the government can point to moves against leftist extremists if it is criticized for singling out opposition activities.]

122 [The Chilean military, although it is deeply concerned over the present situation, apparently cannot get a consensus taking exception to Allende's interpretation of his constitutional powers. Army chief Prats has publicly criticized the opposition press for its "provocative treatment" of the forced resignation of coup-plotting General Canales. Prats restated his opposition to those who seek to undermine military discipline for political purposes and to subvert "constitutional normality." Canales responded with a protest of injured virtue and threats to publicize army documents injurious to Prats.]

ECONOMIC WOES

120 [Chile is plagued by worsening consumer shortages and rising prices. The increase in the cost of living in August was even larger than feared, and inflation probably reached some 80 percent during the first nine months of the year.]

133 [Since wage rates were increased on 1 October to match these price rises, a further increase in demand is inevitable. The impact of the wage increases will be to widen further the large gap between supply and demand. At the same time, transport problems are growing and hampering the distribution of supplies. Because of massive port congestion, for example, wheat supplies in Santiago are already low and may cause a bread shortage. Delays in unloading are so long that shippers taking cargoes to major Chilean ports now are levying a surcharge.]

131 [Maintaining adequate supplies of foodstuffs will be a major problem for Allende. Beef supplies, already the subject of widespread consumer shortages and black marketing, will be further reduced following the recently announced ban on imports to save scarce foreign exchange. In addition, more than one half of Chile's farmland is now in the hands of the government and is having managerial problems. The result is a sharp drop in farm output, and the promise of further drops.]

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137 Plantings of winter wheat are down sharply, and the upcoming harvest promises to be even smaller than last year, the worst in 20 years. As a consequence, Chile will have to import about one million tons of wheat, as well as 500,000 tons of corn. Because Chile is unable to obtain more than 50 percent of its needs from Argentina, Australia, and Canada, the Allende government will try to buy US grain. Chile plans to seek US export credits to finance its purchases, but is willing to spend some of its scarce foreign exchange if need be.

Bedregal, who is anathema both to the military and to many of his fellow party members, had just returned to Bolivia after an involuntary absence.]

137 Ayoroa's activities to some extent reflect frictions within the armed forces. Many conservative senior officers feel threatened by the increasingly influential middle-grade troop commanders. President Banzer counts heavily on the latter for support and, with the year-end reassignments in the offing, some older officers are bound to feel that their careers are in jeopardy.]

138 [The government has announced several new policies to counter these supply problems. It plans to take over control of the marketing of all fresh vegetables and to set up a chain of government-run markets. In addition, it has established a basic "family basket" of staple foods that all stores will be obliged to sell. At the same time, the administration announced that the price of goods included in this "family basket" will be frozen. To enforce the freeze, "volunteer" inspectors will report on prices charged in private stores. The government added that further wage increases would be determined by changes in prices for this "basket." Although the administration has stated that it does not plan to institute either rationing or a wage freeze, these additional controls have much the same effect.]

139 [The Nationalist Revolutionary Movement's real problem is not Bedregal but party chief Victor Paz. A dissident faction that has long agitated for a younger brand of party leadership was recently joined by two important groups of party leaders. There may be some truth to their claim that Paz has hurt the party's standing in the governing coalition and impeded rapport with middle-grade officers who stand to move into more influential positions in the future. Anti-Paz leaders realize that they still must tread carefully, lest they alienate the old chief's considerable rank-and-file support.]

139 Paz may have asked Bedregal to return in order to prevent these antagonists from gaining temporary control of the party during Paz's prospective trip to the US. Bedregal was greeted with an outpouring of invective that soon spilled over into open attacks on Paz. The party's national political committee called upon Bedregal to leave, and he had already promised to depart when Banzer provided a free ride. The episode has probably severely damaged party prestige. Not only were serious internal disputes aired in public, but the issue was finally settled by military fiat.

BOLIVIA: BANZER DEPORTS TWO

140 [President Banzer has moved to neutralize disruptive elements in his coalition, but once again only symptoms, not the malady itself, have been treated.]

140 [Rightist army Colonel Juan Ayoroa and Nationalist Revolutionary Movement Deputy Chief Guillermo Bedregal were deported on 30 September. Ironically, these bitter ideological antagonists were flown to Brazil on the same aircraft. Ayoroa's suspected coup plotting cost him command of the army's Second Division in August, but he evidently persisted in attempting to enlist other senior officers in his scheme. The leftist

140 [With both Ayoroa and Bedregal gone, tensions should ease considerably. The middle-grade troop commanders may be more impressed with Banzer's action in this particular instance than they have been with his irresolute handling of similar situations in the past. Nevertheless, they may not be willing indefinitely to settle for solutions to problems they believe should have been prevented from developing in the first place.]

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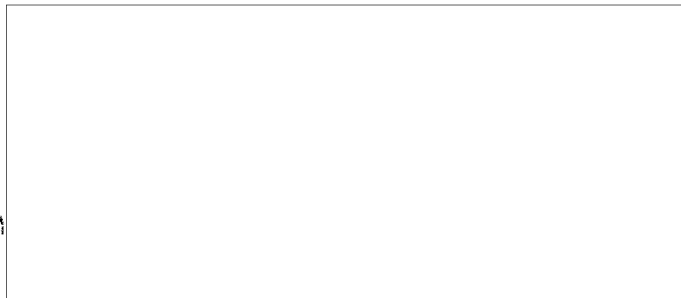
GUYANA: BURNHAM AND ELECTIONS

143 [In an effort to bolster his popularity prior to calling for national elections, Prime Minister Burnham is planning several domestic and foreign policy moves.]

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[REDACTED] There is little doubt that his People's National Congress will win, even though it may have to resort to more blatant rigging than it used to win the 1968 election.] No specific date has been set, and Burnham may wait for some visible improvement in agriculture after severe failures in some crops or until he has evidence of Chinese aid projects.]



*...INTRIGUED WITH THE PROSPECT OF "PULL-
ING FEATHERS OUT OF THE EAGLE'S TAIL..."*

140 [In foreign policy, Burnham is again talking of recognizing Cuba soon. He contends that this move, like nationalization, would be popular with the younger voters. This could be an important consideration in view of the plan to lower the voting age to 18. Burnham told the US ambassador on 3 October that the Young Socialist Movement, the youth arm of Burnham's party, is pressing him very hard to normalize relations with Cuba.] Burnham said that young Guyanese are greatly attracted to Cuba, perhaps more because they are intrigued with the prospect of "pulling feathers out of the eagle's tail" than because they feel ideological affinity with Castro. In any case, he said that he had to move before he called elections.]

143 [Recognition would also be consistent with Burnham's desire to put Guyana firmly in the Third World camp, and he probably believes it would enhance his image as a Caribbean leader. Burnham is likely to raise the Cuban issue with the other Commonwealth Caribbean heads of government during the meeting in Trinidad from 9 to 14 October.]

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GUATEMALA: DISAPPEARING COMMUNISTS

144 [The Guatemalan Communist Party received one of its severest setbacks last week when a number of party leaders, including the secretary general, disappeared. The party is attempting to learn the fate of these men and is apparently considering terrorist strikes against the government and diplomatic community.]

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144 [Although the Arana government publicly denies any responsibility, the press has widely reported that security forces broke into a secret meeting and arrested the Communists. The press has also repeated persistent "rumors" that the men have been killed. Government pronouncements have not been particularly convincing and are unlikely to divert suspicion from the regime.]

146 [Both the Communist Party and the pro-Cuban Rebel Armed Forces, the country's major terrorist organization, may feel compelled to retaliate in order to maintain credibility as significant national forces. The lack of action thus far seems to indicate continued doubt whether the men are dead or alive. Fears that the men have been interrogated will force the extreme left to take time-consuming protective measures. Possible retaliatory moves include an attempt to kidnap government officials or diplomats to exchange for the prisoners. As time passes without word of the whereabouts of the Communist leaders, it will be assumed that they are dead, and terrorist strikes to avenge the killings are likely.]

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